

The summary of Q&A at the 2017 Q3 financial results briefing

Q1. What is your assessment regarding internal targets for the third quarter financial results?

A1. There have not been any major changes in the business environment for all businesses since the first half.

In the third quarter too, sales revenues were generally in line with plans when the additional portion arising from the lower value of the yen is excluded. In contrast, business segment profit was approximately 2.0 billion yen better than planned because of differences in the product mix and disparities in the timing of recording SG&A expenses.

Q2. The profit rate remained high through the third quarter. Is the projection for the fourth quarter a little low compared to previous performance because you took into consideration risks such as changes in the business environment?

A2. Fundamentally, we do not anticipate any changes in the business environment or profit structures. Based on past trends, recording of expenditure and other fixed costs will increase in the fourth quarter, and this makes it appear that we are planning for a small decline in profitability on a quarterly basis.

Q3. Are you sensing any changes in the printing market environment?

A3. There is high global demand for compact laser printers, one of Brother's major products, and sales volumes are up substantially from last year. Based on these conditions, we believe that the market has bottomed out. However, we believe that it is difficult to conclude that the market will recover and once again begin expanding. As a result, it will be acceptable if the market remains flat.

Q4. What is the background to the continued strong sales of industrial equipment (machine tools) for automobile related products?

A4. Demand for machine tools is strong, and also, as a result of our ongoing efforts to reinforce marketing activities, customer evaluations of Brother compact machining centers are rising. We believe that these factors led to the strong performance.

Q5. What is the background to the decline in profits in the Domino Business in the third quarter?

A5. There has not been any change in the fundamental business environment. The biggest factors are a small shift of the product mix to low-end products and a delay of acceptance until the following quarter. An increase in development expenses were another factor behind the decrease in profits.